



STATE BOARD OF EQUALIZATION
PROPERTY AND SPECIAL TAXES DEPARTMENT
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December 5, 2007

TO: INTERESTED PARTIES

Enclosed is a copy of Current Legal Digest (CLD) number 2007-8 for your information and review. The annotations included in this CLD are new proposed annotations (underlined) and/or suggested revisions or deletion of existing annotations (indicated by strikeout and underline). After review, please submit any questions, comments, or suggestions for changes *in writing* by **Monday, January 7, 2008**. These may be sent by e-mail using the "Comments Form" on the Board's website (www.boe.ca.gov/proptaxes/cld.htm), fax or mail. Here is the mailing address:

Board of Equalization
County-Assessed Properties Division
ATTN: Annotation Coordinator
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Please note, the new annotations and/or suggested revisions of existing annotations contained in the enclosed CLD are *drafts* and may not accurately reflect the Board's official position on certain issues nor reflect the language that will be used in the final annotation, if formally adopted.

CLDs are circulated for 30 days, at which time any questions are addressed and/or suggested modifications taken into consideration. After approval of the final version by the Board's Legal Department, the changes will be posted to the Board's website under "Annotations" (www.boe.ca.gov/proptaxes/annocont.htm). After all proposed changes have been resolved, the CLD will become obsolete and deleted from the website.

This CLD is posted on the Board's website at www.boe.ca.gov/proptaxes/cld.htm. Copies of the backup correspondence are linked to each annotation via the annotation number. If a link does not work, please let us know by using the "Comments Form" on our website (www.boe.ca.gov/proptaxes/cld.htm). If you have any questions, please contact Glenna Schultz at 916-324-5836.

Sincerely,

/s/David J. Gau

David J. Gau
Deputy Director
Property and Special Taxes Department

DJG/grs
Enclosure

PROPERTY AND SPECIAL TAXES DEPARTMENT

PROPERTY TAXES CURRENT LEGAL DIGEST NO. 2007-8

December 5, 2007

390.0000 ESCAPE ASSESSMENTS

[390.0089](#) **Statute of Limitations.** A preliminary change in ownership statement that is filed three years after the date of change in ownership is not considered a timely filing under Revenue and Taxation Code section 480. In order to be timely, it must be filed within 45 days. Pursuant to Revenue and Taxation Code section 532(b)(2), the applicable statute of limitations period for such unrecorded changes in ownership is eight years after July 1 of the assessment year in which the property escaped taxation. Because property is considered to escape assessment each year the change in ownership remains undiscovered, the assessor may issue escape assessments eight years prior to the year in which the change in ownership is discovered. C 6/8/2007.

625.0000 PARENT-CHILD TRANSFER

[625.0035](#) **Claims.** Revenue and Taxation Code section 63.1(f), the claim reporting provision for the parent-child exclusion, requires that the transferor of property report his or her social security number or taxpayer identification number on the claim form for each transfer of non-principal residence property qualifying for the parent-child exclusion under Revenue and Taxation Code section 63.1(a)(2). The requirement for the social security or taxpayer identification number on the claim form is to provide the Board with a means of monitoring and cumulating the value of transfers between parents and children to determine whether the one million dollar limitation of section 63.1(a)(2) has been reached or exceeded. Thus, for non-principal residence property, if the transferor has a social security or tax identification number but refuses to disclose it on the claim form, the parent-child exclusion should be denied. C 6/19/2007.

[625.0153](#) **Partnership.** Mother owned real property in which she gave a 10 percent interest to her daughter. Such transfer qualified for the parent/child exclusion under Revenue and Taxation Code section 63.1. Subsequently, mother and daughter transfer their respective interests in the real property to a partnership in exchange for the same proportional ownership interests in the partnership. Such transfer was excluded from change in ownership under Revenue and Taxation Code section 62(a)(2). Thereafter, mother transferred a 50 percent interest in the partnership to her daughter. Since the daughter obtained a majority interest (60 percent) in the partnership as a result of the transfer, the partnership underwent a change in control under Revenue and Taxation Code section 64(c)(1). The transfer of interests in a legal entity does not qualify for the parent/child exclusion because section 63.1 excludes only certain transfers of *real property* between parents and children. Pursuant to section 63.1(c)(3), real property does not include legal entity interests. C 6/22/2007.